

15 August 1962

MEMORANDUM FOR THE RECORD

SUBJECT : Record of meeting to reconsider letter of intent for IBM 1401 Computer.

STATINTL

ATTENDING: [REDACTED]

1. Several memoranda and drafts were presented informally expressing various viewpoints and alternative courses of actions. Copies of these papers were distributed to all present and are attached.

2. Three facts were agreed upon:

- (a) The increased cost of the IBM 1401 computer system on order amounted to \$1,477. per month more than a comparable computer system (RCA 301) and made the IBM 1401 too costly for ADPD use.
- (b) Programming for the 1401 is a considerably greater task than anticipated, and will continue to be necessary.
- (c) Programming is nearly completed and installation of the 1401 could go forward as planned.

STATINTL

3. [REDACTED] outlined three logical conclusions, considering all background material. They are:

- (a) The IBM 1401 will not be accepted.
- (b) The IBM 1401 would be accepted if the raise in price were withdrawn.
- (c) The IBM 1401 would be accepted, no conditions.

4. It was agreed to do the following:

- (a) To determine if an extension of time could be obtained on the letter of intent, until the intentions of IBM are clarified, so that no legal back-lash would involve the Agency.

STATINTL

- (b) To write a letter to IBM, asking reconsideration of the price increase.
- (c) To cancel the letter of intent, if IBM refuses to maintain the price as stated in the proposal, and
- (d) In such an event, the entire question of a satellite computer to replace peripheral equipment is to be reviewed, such review to be completed in one month, and presented for recommendations.

STATINTL



Attachments - #

ADPD - Replacement of RCA 501 Peripheral Equipment, 14 Aug 62
ADPS - Analysis of Equipment Plans, 14 Aug 1962
ADPS - RCA 501 / IBM 1401 System for the Comptroller, 13 Aug 1962
ADPS - System Comparison (301 - 1401) 14 Aug 1962

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Tab A

PROPOSED RCA 301 SYSTEM

<u>MODEL</u>	<u>DESCRIPTION</u>	<u>QTY</u>	<u>MONTHLY RENTAL</u>
303	Basic Processor 10,000 char. IBM	1	\$1,803.00
323	Card Reader	1	361.00
314-1	Card Reader Control	1	134.00
334	Card Punch	1	206.00
315	Card Punch Control	1	263.00
333	On-Line Printer	1	721.00
316-1	On-Line Printer Control	1	155.00
393-1	Tape Adapter	1	130.00
			<u>\$3,993.00</u>